

Alameda Reuse and Redevelopment Authority

Memorandum

To: Honorable Chair and
Members of the Alameda Reuse and Redevelopment Authority

From: John A. Russo
Executive Director

Date: November 2, 2011

Re: Approve a 47-Year Legally Binding Agreement with Alameda Point Collaborative for Buildings 802, 803, 806, 809, 810, 811, and 812 (30 Units of Housing) and Authorize the Executive Director to Execute the Agreement and any Related Documents

BACKGROUND

As required by the federal Base Closure and Community Redevelopment and Homeless Assistance Act of 1994, the Alameda Reuse and Redevelopment Authority (ARRA) worked with the Alameda County Department of Housing and Community Development (County) and an organized group of homeless providers, known as the Alameda County Homeless Providers Base Conversion Collaborative (currently known as the Alameda Point Collaborative (APC)), to determine the quantity of residential and commercial square footage that would constitute a reasonable accommodation of the homeless at the former Alameda Naval Air Station (Alameda Point).

On May 3, 1995, the ARRA adopted the Standards of Reasonableness that provides general commitments related to future reuse goals at Alameda Point. Two hundred existing housing units were allocated to several non-profit housing providers (Providers) for use by clients transitioning from homelessness. In 1996, the ARRA approved the form of a Legally Binding Agreement (LBA) to be used by the APC and each Provider that was allocated housing units to accommodate its clients. The 59-year LBA was to be executed once the underlying property was conveyed by the Navy to the ARRA. Believing that the Navy would soon convey the real property, the Providers began raising funds to rehabilitate their units.

The ARRA subsequently entered into Interim Subleases with the Providers in order to permit them to establish "site control" necessary to retain their federal and state grant funding. In 2001, to facilitate the Providers' further applications for funding, the ARRA approved an amended form of LBA that includes "cure" provisions and mortgagee provisions required by private lenders.

In 2005, Dignity Housing West (DHW), a Provider with 30 units of transitional and permanent housing, requested that its Interim Sublease be assigned to APC. The ARRA approved an Assignment and Assumption Agreement on February 18, 2005. However, following ARRA approval of the Assignment and Assumption Agreement, DHW declined to sign the Agreement and it was never executed. DHW's Interim Sublease expires on January 12, 2012. Consistent with the ARRA's action in 2005, it is requested that the ARRA approve a 47-year LBA (59 years minus the 12-year term of the Interim Sublease) with APC effective January 13, 2012, for 30 residential units located in buildings 802, 803, 806, 809, 810, 811, and 812 (a map is attached as Exhibit 1). The LBA is on file in the City Clerk's Office.

DISCUSSION

In November 2001, DHW and APC entered into an agreement whereby APC agreed to operate DHW's 30-unit homeless accommodation. Since that time, APC has been providing all necessary and required services including case management, demographic and other reporting to funders, property management, tenant leasing, and financial management. Leases are entered into between the tenant and APC, services are received at the APC service center, all facilities work is carried out by APC, APC has been solely responsible for securing additional funding for maintenance, etc. APC operates these units at a loss.

In order to address the financial hardship to APC for operating the DHW units, in 2005, DHW agreed to assign its Interim Sublease to APC. The proposed assignment of Interim Sublease was consistent with the direction that had been envisioned for the APC community. The goal was to transition from affordable housing development through rehabilitation of the former Navy housing to operation of a service-enriched community for formerly homeless individuals and families. Over time, Providers would transition their rehabilitated and leased properties to the APC to provide a better economy of scale for operations and management activities at the APC community. APC has the financial capability, management expertise, and operational capacity to provide coordinated services throughout the community.

With DHW's agreement to assign its Interim Sublease to APC in 2005, staff requested ARRA's approval of the assignment, which was provided on February 18, 2005. As noted above, the Assignment and Assumption Agreement was never executed by the parties. APC continues to operate the units on DHW's behalf pursuant to its 2001 agreement. On-going operation of the units without benefit of the Interim Sublease has been a financial hardship on APC. In spite of this hardship, APC manages the units consistent with its mission of providing service-enriched housing to formerly homeless individuals and families. The long-term LBA will allow APC to restructure the funding and pursue additional funding to ensure that the units are operated in a sustainable manner.

APC now has LBAs for 89 units and has a property management and services agreement with Building Futures with Women and Children (BFWC) for 53 units of

housing for survivors of domestic violence. Operation Dignity has a LBA for 28 units of transitional housing for veterans. With the expiration of DHW's Interim Sublease on January 12, 2012, it is recommended that the ARRA entered into a LBA with APC to continue the consolidation of operations to ensure the most effective and efficient provision of services to the community. Upon approval of the LBA, APC would have the long-term rights and responsibilities for 119 of the 200 residential units and four commercial LBAs for property ranging from the community garden and Ploughshares (the commercial plant nursery) to several warehouses and the service center.

FINANCIAL IMPACT

There is no financial impact from approving a 47-year LBA (59 years minus the 12-year term of the Interim Sublease) with APC for 30 units of housing in Buildings 802, 803, 806, 809, 810, 811, and 812 at Alameda Point.

RECOMMENDATION

Approve a 47-Year Legally Binding Agreement with Alameda Point Collaborative for Buildings 802, 803, 806, 809, 810, 811, and 812 (30 Units of Housing) and authorize the Executive Director to execute the Agreement and any related documents.

Respectfully submitted,



Michael T. Pucci
Housing Authority Executive Director

By:



Debbie Potter
Housing Development and Programs Manager

Exhibits:

1. Map
2. LBA – on file in the City Clerk's Office

MTP:DP:sb

